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June 13, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department:

DTE-4-31 DTE-5-34 DTE-8-1 DTE-9-26

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 13, 2005

Responsible: Lawrence R. Kaufmann, Consultant (PBR)

DTE-4-31 Refer to Exh. BSG/LRK-1, at 8-10. Please provide an estimate of how much it will cost the Company to update the Boston Gas Company productivity study in D.T.E. 03-40 to include data up to the year closest to the test year for the Company's rate case filing. Show how the Company arrived at the cost estimate.

Response: I estimate that an update of this TFP study would cost \$51,000. The attached spreadsheet shows how I arrived at this cost estimate.

**Bay State Gas Company
TFP Update Cost Estimate
By Pacific Economic Group**

	Hours					
	<u>ML</u>	<u>LK</u>	<u>DH</u>	<u>LG</u>	<u>SF</u>	<u>Interns</u>
Update TFP database						
GasDat			5			
Contact cos.			10		60	
Cross check sources, finalize database		5	40		40	120
Compile economy-wide data			5		10	30
Recompute indexes		5	5		20	40
Write up report	5	30				
Total Hours	5	40	65	0	130	190
Labor costs	\$ 1,250	\$ 9,000	\$ 10,400	\$ -	\$ 14,300	\$ 15,200
Data and misc. expenses						\$ 850
Total costs						\$ 51,000

LK = Larry Kaufmann
ML = Mark Lowry
DH = Dave Hovde
LG = Lullit Getachew
SF = Steve Fenrick
Various interns

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 13, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-5-34 Refer to Exh. BSG/JES-1, at 28-29. Please provide the total costs incurred by NCSC during the test year and the amount billed to each affiliate of NiSource, Inc.

Response: Please see Bay State's response to AG-1-2 (5)(f), which is NiSource Corporate Services Company's 2004 U-13-60. The amounts billed to affiliates appear on page 12.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
EIGHTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 13, 2005

Responsible: John E. Skirtich Consultant (Revenue Requirements)

DTE-8-1 Refer to Exh. BSG/JES-1, at 28-29. Please provide the total costs incurred by NiSource Corporate Services Company during the test year and the amount billed to each affiliate of NiSource, Inc.

Response: Please see Bay State's response to AG-1-2 (5)(f), which is NiSource Corporate Services Company's 2004 U-13-60. The amounts billed to affiliates appear on page 12. The Company notes that the amount billed by NCSC does not reflect the amount reflected in Bay State's test year O&M expense as a portion of these NCSC charges are capitalized and booked below the line.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
NINTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 13, 2005

Responsible: James L. Harrison, Consultant (Cost Studies)

DTE-9-26 Refer to Exh. BSG/JLH-2, Sch. JLH-2-2, at 23. Please describe with supporting schedules, or cross-reference to documents previously filed, how the following Company total bad debt expenses (Account 904 - Uncollectible Accounts) were determined:
(1) the total amount allocated to all firm rate classes (sum of lines 9 through 19);
(2) Adjustment Bad Debt Gas Sales (line 20);
(3) Adj Uncollectible Prop Rate Increase (line 21);
(4) Bad Debt Expense - Cust Service (line 22);
(5) Bad Debt Expense - Rental (line 23);
(6) Adjust Bad Debt Other Revenues (line 24).

Response: (1) The bad debt expense for lines 9 to 19 was functionalized into Production and Delivery components using revenues at the claimed rate of return, Schedules JLH-2-2 and JLH2-3, pages 45 and 46, line 10, and Workpapers Supporting Exh. BSG/JLH-2, pages 265 and 266, line 10. The allocation factors are shown on Schedules JLH-2-2 and JLH-2-3, pages 53 to 55, lines 1 to 11, and in the Workpapers Supporting Exh. BSG/JLH-2, pages 272 to 274, lines 1 to 11.

The total of the Production and Delivery functions for the sum of lines 9 through 19 in Schedules JLH-2-2 and JLH-2-3 is \$8,489,828. This equals the amounts booked in the following accounts for the test period shown in the Workpapers Supporting Exh. BSG/JLH-2, page 127.

Acct. 690400	– Bad Debt Accrual	\$8,244,659.59
Acct. 690403	– Bad Debt Accrual – Special	<u>245,169.13</u>
		<u>\$8,489,828.72</u>

(2) The adjustment for Bad Debt Gas Sales, line 20, was allocated and functionalized into Production and Delivery components using the sum of the amounts allocated and functionalized on lines 9 through 19, above. This allocator EXP904S is shown on Schedules JLH-2-2

and JLH-2-3, pages 62 to 64, line 23, and in Workpapers Supporting Exh. BSG/JLH-2, pages 281 to 283, line 23.

The total of the Production and Delivery functions for line 20 in Schedules JLH-2-2 and JLH-2-3 is \$1,815,897. This amount was derived from the following schedules:

Total Bad Debt Expense Adj.	\$7,106,032	Sch. JES-6, page 9 of 20, line 13
Less: Bad Debt Write Off CGA Includable	<u>5,290,135</u>	Sch. JES-6, page 18, line 1
	<u>\$1,815,897</u>	

- (3) The adjustment to Uncollectible for the Proposed Rate Increase, line 21, was allocated and functionalized into Production and Delivery components using the sum of the amounts allocated and functionalized on lines 9 through 19, above. This allocator EXP904S is shown on Schedules JLH-2-2 and JLH-2-3, pages 62 to 64, line 23, and in Workpapers Supporting Exh. BSG/JLH-2, pages 281 to 283, line 23.

The total of the Production and Delivery functions for line 21 in Schedules JLH-2-2 and JLH-2-3 is \$482,572. This amount was taken from Exh. BSG/JES-1, Schedule JES-1, line 4, column 4.

- (4) Bad Debt Expense – Customer Service of \$86,733 was assigned to the Delivery Function and corresponds to the amount booked in Account #690401 for the test year. See Workpapers Supporting Exh. BSG/JLH-2, page 127.
- (5) Bad Debt Expense – Rental of \$326,029 was assigned to the Delivery Function and corresponds to the amount booked in Account #690402 for the test year. See Workpapers Supporting Exh. BSG/JLH-2, page 127.
- (6) Adjustment Bad Debt Other Revenues of \$246,232 was assigned to the Delivery Function using the sum of the amounts allocated and functionalized on lines 22 and 23, immediately above. This allocator EXP9040 is shown on Schedule JLH-2-2, pages 62 to 64, line 24, and in Workpapers Supporting Exh. BSG/JLH-2, pages 281 to 283, line 24. The total amount of the adjustment of \$246,232 is referenced to Exh. BSG/JES-1, Schedule JES-6, page 10 of 20, line 11.